

Fiscal Review Report

Western Upper Peninsula District Health Department WIC Program

October 1, 2003 – September 30, 2004



Office of Audit
Quality Assurance and Review Section
June 2005



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June 13, 2005

M. Gail Shebuski, M.D. M.P.H.
Health Officer/Medical Director
Western Upper Peninsula District Health Department
540 Depot
Hancock, Michigan 49930

Dear Dr. Shebuski:

Enclosed is our final report from the Michigan Department of Community Health (MDCH) fiscal review of the Western Upper Peninsula District Health Department WIC Program for the period October 1, 2003 through September 30, 2004.

The final report contains the following: description of agency; funding methodology; purpose; objectives; scope and methodology; conclusions; and Statement of MDCH Grant Program Revenues and Expenditures. No exceptions were noted during our review.

Thank you for the cooperation extended our auditors.

Sincerely,

A handwritten signature in cursive script that reads "Debra S. Hallenbeck".

Debra S. Hallenbeck, Manager
Quality Assurance and Review
Office of Audit

cc: Alethia Carr, Director, WIC Division
James B. Hennessey, Director, Office of Audit
David Figg, Audit Manager, Office of Audit

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DESCRIPTION OF AGENCY

The Western Upper Peninsula District Health Department (Health Department) is governed under the Public Health Code, Act 368 of 1978. The Health Department is a Special Revenue Fund of Houghton County, and the administrative office is located in Hancock, Michigan. The Health Department operates under the legal supervision and control of the Board of Health, which is comprised of commissioners of the counties of Baraga, Gogebic, Houghton, Keweenaw, and Ontonagon. The Health Department provides community health program services to the residents of these five counties. These service programs include: Food Service Sanitation, On-Site Sewage, Drinking Water, Vision Screening, Hearing Screening, Immunizations, General Communicable Disease, Sexually Transmitted Disease Control, AIDS/HIV Prevention, Oral Health, Family Planning, Children's Special Health Care Services (CSHCS), Bioterrorism/Emergency Coordination, Smoking Prevention, Maternal and Infant Health Services, and Women Infants and Children (WIC) Supplemental Food Program.

FUNDING METHODOLOGY

The Health Department services are funded from local appropriations, fees and collections, and grant programs. The Michigan Department of Community Health (MDCH) provides the Health Department with grant funding monthly, based on Financial Status Reports, in accordance with the terms and conditions of each grant agreement and budget.

Grant funding from MDCH for the WIC Program is federal funding under federal catalog number 10.557, and is first source funding, subject to performance requirements. That is, reimbursement from MDCH is based upon the understanding that a certain level of performance (measured in caseload established by MDCH) must be met in order to receive full reimbursement of costs (net of program income and other earmarked sources) up to the contracted amount of grant funds prior to any utilization of local funds.

PURPOSE AND OBJECTIVES

The purpose of this fiscal review was to assess the WIC Program internal controls and financial reporting, and to determine the MDCH share of WIC Program costs. The following were the specific objectives of the review:

1. To assess the Health Department's effectiveness in establishing and implementing internal controls over the WIC Program.
2. To assess the Health Department's effectiveness in reporting their WIC Program financial activity to MDCH in accordance with applicable MDCH requirements and agreements, applicable federal standards, and generally accepted accounting principles.
3. To determine the MDCH share of costs for the WIC Program in accordance with applicable MDCH requirements and agreements, and any balance due to or due from the Health Department.

SCOPE AND METHODOLOGY

We examined the Health Department's records and activities for the fiscal period October 1, 2003 to September 30, 2004. We performed our review procedures in January 2005. Our review procedures included the following:

- Reviewed the most recent Houghton County and Health Department Single Audit reports for any WIC Program concerns.
- Completed the internal control questionnaire.
- Reconciled the WIC Program Financial Status Report (FSR) to the accounting records.
- Reviewed payroll, indirect cost and other cost allocations for reasonableness, and an equitable methodology.
- Reviewed building space/lease costs for proper reporting and compliance with Federal Requirements.
- Reviewed WIC equipment inventory and general Agency equipment inventory records.
- Reviewed WIC coupon inventory controls.

Our review did not include a review of program content or quality of services provided.

CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

INTERNAL CONTROLS

Objective 1: To assess the Health Department's effectiveness in establishing and implementing internal controls over the WIC Program.

Conclusion: The Health Department was effective in establishing and implementing internal controls over the WIC Program. No internal control exceptions were noted.

FINANCIAL REPORTING

Objective 2: To assess the Health Department's effectiveness in reporting their WIC Program financial activity to MDCH in accordance with applicable MDCH requirements and agreements, applicable federal standards, and generally accepted accounting principles.

Conclusion: The Health Department reported its WIC Program financial activity to MDCH in accordance with applicable MDCH requirements and agreements, applicable federal standards, and generally accepted accounting principles. No financial reporting exceptions were noted.

MDCH SHARE OF COSTS AND BALANCE DUE

Objective 3: To determine the MDCH share of costs for the WIC Program in accordance with applicable MDCH requirements and agreements, and any balance due to or due from the Health Department.

Conclusion: The MDCH obligation under the WIC Program for fiscal year ended September 30, 2004, is \$202,337. The attached Statement of MDCH Grant Program Revenues and Expenditures shows the budgeted, reported, and allowable costs. The review made no adjustments affecting WIC grant program funding.

**Western Upper Peninsula District Health Department
WIC Supplemental Food Program
Statement of MDCH Grant Program Revenues and Expenditures
10/1/03 - 9/30/04**

	BUDGETED	REPORTED	AUDIT ADJUSTMENT	ALLOWABLE
REVENUES:				
MDCH Grant	\$202,337	\$202,337 ¹	\$0	\$202,337
Local and Other Funds	\$1,855	\$2,258	\$0	\$2,258
TOTAL REVENUES	\$204,192	\$204,595	\$0	\$204,595
EXPENDITURES:				
Salary and Wages	\$103,990	\$104,192	\$0	\$104,192
Fringe Benefits	\$39,516	\$39,989	\$0	\$39,989
Equipment	\$0	\$0	\$0	\$0
Contractual	\$0	\$0	\$0	\$0
Supplies	\$5,600	\$7,057	\$0	\$7,057
Travel	\$2,700	\$2,778	\$0	\$2,778
Communications	\$2,250	\$2,310	\$0	\$2,310
County Central Service Cost	\$0	\$0	\$0	\$0
Space Cost	\$19,500	\$15,364	\$0	\$15,364
Other Expense	\$500	\$1,671	\$0	\$1,671
Indirect Cost	\$30,136	\$31,234	\$0	\$31,234
TOTAL EXPENDITURES	\$204,192	\$204,595	\$0	\$204,595

¹ Actual MDCH payments. MDCH funding was provided on a performance reimbursement basis.